



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

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Second District

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Third District

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Fifth District

June 30, 2006

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Yvonne B. Burke
Supervisor Zev Yaroslavsky
Supervisor Don Knabe

From: David E. Janssen
Chief Administrative Officer

SACRAMENTO UPDATE

State Budget

Our June 28, 2006 Sacramento Update provided a preliminary analysis of the FY 2006-07 State Budget package passed by the Legislature, and our assessment of the estimated impact on the County as a result of the enacted actions. In addition to the passage of the Budget Bill, **AB 1801**, the Legislature also passed ten Trailer Bills necessary to implement portions of the Budget that cannot be accomplished without a change in statutory law. Based on our review of the Trailer Bill language, there is no significant impact to the County, but we have identified the following additional information and issues of interest to the County.

AB 1807 - Health Trailer Bill

Medicaid Citizenship Verification. Includes language to implement a provision in the Federal Deficit Reduction Act of 2005 (Public Law 109-171), enacted in February 2006, which requires states to obtain satisfactory evidence of U.S. citizenship from Medicaid applicants and recipients as condition of receipt for Federal Financial Participation (FFP). The Trailer Bill language generally provides for as much flexibility in documenting citizenship status as is allowable to the extent that it does not affect the availability of FFP. The new documentation requirements take effect on July 1, 2006, though the State does not plan to issue instructions to counties on how to implement the

requirements until August 1, 2006, following consultation with counties, advocates, and providers.

AB 1808 – Human Services Trailer Bill

CalWORKs. Enacts provisions of the CalWORKs Compromise Package adopted by the Budget Conference Committee to increase the number of CalWORKs participants engaged in work activities as required by the Federal Deficit Reduction Act (DRA). As noted in the June 15, 2006 Sacramento Update, the County will receive an estimated \$30 million to provide services to assist families meet new work requirements. This includes \$5 million to enhance benefits for homeless CalWORKs families as provided for in **County-sponsored AB 2961 (Nuñez)**.

In addition, Trailer Bill language clarifies county responsibility for Federal fiscal penalties that may be imposed for failure to meet the higher work participation rates required by the DRA, and expands current law to allow counties to assert good cause to have a penalty reduced or eliminated based on the progress in meeting the new requirements.

Child Welfare Services. Establishes a \$98 million Child Welfare Improvement Fund to improve child welfare outcomes. Funding may be used for local priorities including, but not limited to:

- Reduction of high worker caseloads;
- Clerical or paraprofessional support;
- Direct services to clients such as mental health or substance abuse treatment;
- Prevention and early intervention services;
- Permanency and foster youth transition practice improvements; and
- Other investments to better serve children and families, which may include services to support older youth in foster care including mentoring services.

Child Welfare Program Budgeting. Requires the California Department of Social Services to work with the County Welfare Directors Association, legislative staff and social workers unions to develop methodology for budgeting child welfare programs for use in FY 2007-08.

KinGAP Plus. Establishes the KinGAP Plus Program to provide kinship caregivers with the special care increment and clothing allowance currently available to foster care providers. Costs for the portion above the amount of the CalWORKs grant for a single child will be shared at the rate of 50 percent State and 50 percent County.

Foster Care Adoption. Upon an appropriation in the Budget Act, provides \$4 million to establish a three-year pilot project in four counties, including Los Angeles, to increase the number of adoptions of children and youth who have been in foster care 18 months

or more and who are between 9 years and 18 years of age. Los Angeles County will receive \$1.25 million annually for the duration of the pilot with no match requirement.

AB 1811 – Supplemental Budget Modification

Judicial Salaries. Pursuant to Government Code § 68203, judicial salaries were increased by 1.03 percent, retroactive to February 1, 2006. Trailer Bill language appropriates funding to provide a subsequent raise of 8.5 percent effective January 1, 2007. In addition, a statutory salary adjustment based upon the average increase in State employee salaries will also be calculated and implemented during FY 2006-07. The amount of this third increase is not known at this time.

Vertical Prosecution Block Grants. The Conference Committee rejected the Governor's May Budget Revision to include an additional \$10.1 million to support vertical prosecution units which dedicate specialized prosecutors, investigators, and victim advocates to follow specific cases through the entire judicial process. However, the Budget provides an additional \$8 million to increase the total program to \$16.1 million in FY 2006-07.

Mentally Ill Offender Crime Reduction Grant Program (MIOCR). As previously reported, the Budget agreement provides \$45 million for the MIOCR Program to implement multi-agency services aimed at curbing recidivism for juvenile and adult mentally ill offenders. The funding will be evenly appropriated into two pots to serve juvenile and adult offenders, respectively. The allocation for the County is unknown at this time because the grant funds will be awarded on a competitive basis using criteria developed by the State's Corrections Standards Authority.

SB 1132 - Transportation Trailer Bill

Proposition 42 Loans. Repays \$1.4 billion (\$1.2 billion General Fund and \$200 million from spillover revenue) in Proposition 42 loans from FY 2003-04 and FY 2004-05, and fully repays the following obligations:

- \$440 million owed to the State Transportation Improvement Program (STIP);
- \$440 million owed to cities and counties for local streets and roads;
- \$110 million owed to the Public Transportation Account for STIP;
- \$110 million owed to local transit agencies through the Special Transportation Program; and
- \$315 million to the Traffic Congestion Relief program.

Spillover Revenue. Keeps all gasoline sales tax "spillover" revenue in transportation and revises the current statutory allocation of the "spillover" transfer in FY 2006-07 to provide \$200 million to the Transportation Deferred Investment Fund for partial repayment of the FY 2004-05 Proposition 42 loan, provides \$33 million for 2006 Budget

Act appropriations, \$62 million to fully fund the Public Transportation Account for the 2006 STIP, and \$248 million to local mass transit agencies.

Status of County-Interest Legislation

County-opposed AB 1368 (Umburg), which would delete the requirement that treating physicians identify and apportion work-related injuries for public safety employees, was approved by the Senate Labor and Industrial Relations Committee on Wednesday, June 28, 2006, on a vote of 3 to 2. Apportionment of injury between work-related and nonwork-related was a major issue in the workers' compensation reform of 2004. AB 1368 now proceeds to the Senate Appropriations Committee.

County-opposed AB 1873 (Torrico), which would raise the age at which an infant can be safely surrendered from 72 hours of age or younger to 30 days of age or younger, was waived for hearing by the Senate Public Safety Committee on June 26, 2006, and now proceeds to the Senate Appropriations Committee.

County-opposed unless amended AB 2951 (Goldberg), which would change the way public utilities charge public agencies for capital costs passed the Senate Committee on Local Government on June 28, 2006 by a vote of 5 to 0. The measure proceeds to the Senate Committee on Rules for possible referral to other committees.

County-supported SB 739 (Speier), which would establish the Hospital Infectious Disease Control Program, and require the California Department of Health Services and general acute care hospitals to implement various measures to prevent health care associated infections (HAI), passed the Assembly Health Committee on June 27, 2006 by a vote of 10 to 2, and it now proceeds to the Assembly Appropriations Committee. Our Sacramento advocates testified in support of the bill as did other hospital representatives, and indicated that the bill is the result of significant negotiations with the hospital industry, and contains protocols and procedures to reduce the number of HAI. The Consumers Union and SEIU are opposed to the bill because there is no accountability for hospitals, and because it does not require hospitals to publicly report the outcomes of HAI.

County-supported SB 1350 (Romero), which would require the State Emergency Medical Services Authority to establish a statewide trauma system with trauma care regions to facilitate coordination of emergency care and distribution of available funding, passed the Assembly Health Committee on June 27, 2006 by a vote of 11 to 2, and it now proceeds to the Assembly Appropriations Committee.

County-supported SB 1576 (Murray), which would eliminate the 60 percent county match requirement for the Transitional Housing Program for foster youth, passed the Assembly Human Services Committee on June 27, 2006 by a vote of 5 to 0, and now proceeds to the Assembly Appropriations Committee.

County-supported SB 1596 (Runner), which would establish the Nurse-Family Partnership Program and would require the California Department of Health Services to make grants available to counties to provide voluntary visiting nurse services to first-time pregnant, low-income mothers, their children and their families, passed the Assembly Health Committee on June 27, 2006 by a vote of 12 to 0, and it now proceeds to the Assembly Appropriations Committee.

County-supported SB 1777 (Alarcon), which would provide educational support services to assist incarcerated foster youth who attend juvenile court schools to transition back into the public school system, passed the Assembly Education Committee on June 28, 2006 by a vote of 6 to 2, and now proceeds to the Assembly Appropriations Committee.

County-supported SJR 13 (Escutia), which would urge the President and Congress of the United States to amend the Federal Railroad Safety Act to increase the authority of state and local governments to enact railroad safety regulations providing greater protection for their residents from railroad derailments, hazardous materials spills, and highway-rail crossing accidents, as long as state enactments, rules, or regulations do not conflict with Federal law and do not impose an unreasonable burden on interstate commerce, passed the Assembly Transportation Committee on June 26, 2006 by a vote of 8 to 4. This measure now proceeds to the Assembly Floor.

We will continue to keep you advised.

DEJ:GK
MAL:JF:IGR:cc

c: All Department Heads
Legislative Strategist
Local 660
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants